

**MANAGED HEALTH CARE IMPROVEMENT TASK FORCE
MAY 8, 1997 REGULAR BUSINESS MEETING MINUTES**

As adopted by the Task Force on June 20, 1997

Thursday, May 8, 1997

1:00 P.M.

1201 K Street, 12th floor - California Room

[California Chamber of Commerce Building]

Sacramento, California 95814

I. CALL TO ORDER [Chairman, Dr. Alain Enthoven] - 12:30

The second business meeting of the Managed Health Care Improvement Task Force [Task Force] was called to order by Chairman, Dr. Alain Enthoven, at the California Chamber of Commerce.

II. ROLL CALL AND DECLARATION OF A QUORUM - 12:32

Task Force Secretary, Ms. Jill McLaughlin, took roll. The following Task Force members declared they were present: Dr. Bernard Alpert, Dr. Rodney Armstead, Ms. Rebecca Bowne, Dr. Donna Conom, Ms. Barbara Decker, Dr. Alain Enthoven, Ms. Nancy Farber, Ms. Jeanne Finberg, Hn. Martin Gallegos, Dr. Bradley Gilbert, Ms. Diane Griffiths, Mr. Terry Hartshorn, Mr. William Hauck, Mr. Mark Hiepler, Dr. Michael Karpf, Mr. Clark Kerr, Mr. Peter Lee, Ms. Kathryn Murrell, Dr. J.D. Northway, Ms. Maryann O'Sullivan, Mr. John Perez, Mr. John Ramey, Mr. Anthony Rodgers, Dr. Helen Rodriguez-Trias, Ms. Ellen Severoni, Dr. Bruce Spurlock, Mr. David Tirapelle, Mr. Ronald Williams, Mr. Allan Zaremborg, and Mr. Steven Zarkin.

In addition, the following ex-officio members were present: Mr. Keith Bishop and Mr. Michael Shapiro.

III. OPENING REMARKS [Chair] - 12:35

Chairman Enthoven introduced the new Legislative appointments to the Task Force. < Members appointed by the Assembly Speaker:

Assemblyman Martin Gallegos

Dr. J.D. Northway with Valley Children's Hospital

Ms. Diane Griffiths with the Assembly Speaker's office

Ms. Maryann O'Sullivan with Health Access Foundation

Mr. Anthony Rodgers with L.A. Care.

III. OPENING REMARKS [cont.]

< Members appointed by the Senate Rules Committee:

Dr. Rodney Armstead with United Health Plan/Watts Health Foundation, Inc.

Ms. Nancy Farber with Washington Hospital

Ms. Jeanne Finberg with the Consumers Union

Mr. Mark Hiepler with the law firm Hiepler & Hiepler

Senator Herschel Rosenthal and his Staff Director, Mr. Michael Shapiro were named as Senate Ex-officio members.

B. Brief explanation of Task Force rules and meeting protocol [Ms. Alice M. Singh, Deputy Director for Legislation and Operations] - 12:40

Ms. Singh gave brief synopsis of Bagley-Keene Open Meeting Act, Task Force Bylaws and Rules and Roberts Rules of Order. The Bagley-Keene Open Meeting Act [Act] governs a State body such as the Task Force when it conducts its business [copies of Bagley-Keene Open Meeting Act were distributed to the Members]. According to the Attorney General, the purpose of the Act is to require that all aspects of the decision making process by multi-member state bodies be conducted in public. All deliberative processes such as, discussion, debates, and affirmation of information, must be made available for public scrutiny. The Act also requires that meetings be held in public, and the public must be permitted to attend any meeting of the Task Force. Further, the Act requires the Task Force to provide notice of its meetings [10 days prior] to any person that requests such notice in writing. The notice itself must include the day, time, location, and agenda of the meeting. The agenda must include the items listed to be transacted or discussed, and no item can be added to the agenda subsequent to the provision of this notice. [The Task Force may not act on an item unless it has been properly noticed.]

The Act prohibits what is referred to as serial, or rotating meetings by which a quorum of the Task Force becomes involved in the information acquisition or deliberation process, unless it has been noticed and public access provisions of the Act have been satisfied. The Act further states that some telephone communications where business is discussed or transactions between one Task Force member and more than two members occur can constitute a serial meeting and would be prohibited without satisfaction of the Open Meetings Act's notice and public access provisions. Ms. Singh conveyed that the issue of serial and less than quorum meetings is a very complex issue and she is currently working with state counsel to better define these provisions for the Task Force. A defined summary will be provided for the members' reference and until such time, Ms. Singh asks that the Task Force Members refrain from discussing Task Force agenda items with more than two other members of the Task Force unless it is within the guidelines noted in the Act.

Ms. Singh stated that the Task Force Bylaws were adopted at the April 22nd meeting. Ms. Singh reiterated voting procedures for Task Force members, stating that the Bylaws specifically state only appointed Task Force members may make motions and vote on issues pending Task Force action. Ex-Officio members, alternates, and proxies are precluded from taking such action.

Ms. Singh also spoke about Robert's Rules of Order, newly revised, indicating that this serves as the parliamentary law for the Task Force. Robert's Rules are recognized and used by thousands of organizations world wide as the book of proper parliamentary procedure. Robert's Rules require that each issue requiring action by the Task Force must be moved and seconded before it is discussed, amended, or voted on. Robert's also states that members should seek recognition from the chair before moving or seconding a motion. This allows the Chair, Staff, Members, and the public to recognize who made the motion and seconded it.

Please contact Ms. Singh for any clarification regarding any of these technical, procedural issues.

IV. REPORTS -12:50

Chairman Alain Enthoven thanked Ms. Singh for her summary, and then he briefly summarized the Task Force's May 1 public hearing conducted in El Segundo. Chairman Enthoven indicated that there were three invited presenters at the hearing who addressed; 1) the impact of health care costs on California's jobs, 2) the ability and willingness of California's small business owners to offer and/or provide managed care to their employees, and 3) the availability of quality of care and quality of provider related data. Specifically, Mr. Steven Lindsey, who is in the business of selling or arranging health insurance of small employers, addressed the Task Force on the impact of health care costs and trends on small employers who employ predominately lower wage workers. Mr. Lindsey's focus was that when health care plan premiums rise in cost, small employers either drop plans, or offset these rising costs by passing them onto the health plan enrollees. The small group employment sector is very sensitive to health care costs. Mr. Lindsey also noted that very few small employers pay for dependents and very few have multiple choice health plans.

Ms. Cindy Doren spoke as an advocate for the poor and Medicaid beneficiaries. Ms. Doren expressed concern of the multiple problems in Medicaid, including complex forms, language, and lack of education. Under questioning from Chairman Enthoven, she acknowledged that, (a) most complaints were associated with enrollment procedures, once enrolled, Medicaid recipients generally were satisfied with their care and; (b) the problems she described were mainly problems of public administration, not problems with managed care necessarily.

Dr. Beth McGlynn, Director of Quality Measurement for the RAND Corporation spoke before the Task Force stating that she feels a need for a coordinated strategy for collecting health care quality information. In response to this, Chairman Enthoven suggested the Task Force consider conducting a survey of provider and health plan reporting requirements. [NOTE: the May 1 public hearing was audio taped and hearing notes will be made available to Task Force members at a later date].

A. Executive Director's Report [Dr. Philip J. Romero, Executive Director]

Dr. Romero welcomed new Task Force staff member, Attorney Dale Bonner, General Counsel for the California Business, Transportation, and Housing Agency. Mr. Bonner will assist the Task Force on a part-time basis. In addition, Dr. Romero discussed marketing strategies for the Task Force. The Task Force has secured several press lists and will "broadcast fax" agendas for upcoming public hearing and meetings. In addition, Dr. Romero indicated that staff plans to draft issues briefs that will include brief alternative structures for organizing the regulation of managed care in California, alternative products and models for providing greater customer choice, and finally economic impact of increased health care costs and savings. Dr. Romero also noted the Task Force has obtained a research assistant.

Dr. Romero also encouraged Task Force members to assist in the development of survey and research topics for the Task Force.

B. Presentations on managed care data and quality information availability and choice enhancing strategies, Mr. Greg Roth of the Office of Statewide Health Planning and Development [OSHPD] and Mr. Bob Crichlow of Benefits Alliance.

Vice Chairman Kerr introduced Mr. Roth, and briefed the Task Force on the role that OSHPD has in managed health care regulation. Mr. Roth reported on OSHPD's various reports and projects and stated that it receives data from several sources, including licensed home health agencies, licensed clinics, licensed long term care facilities and licensed hospitals in California. Mr. Roth noted that the extensive data collected for its research purposes is the most comparable information available. Specifically, the type of data utilized in OSHPD's reports originates from the aforementioned licensed facilities that report financial information, summary patient information, and provided patient treatment information. OSHPD's reports include a patient discharge abstract summary addressing demographics, description, patient diagnosis, and patient treatment. OSHPD's reports assist licensed health care facilities to gauge incident rates of certain accidents and ways to prevent them. OSHPD's reports are also used to provide information to help individuals choose their health care plans with some degree of knowledge.

Mr. Roth recommended certain enhancements for OSHPD that include timeliness of abstracts, improving information technology, such as online services, and developing mandates for information collection. Mr. Roth finalized his report by requesting the Task Force to forward any recommendations it may have to improve OSHPD's services or utilizing the information collected.

Mr. Roth provided Task Force members with a copy of the report entitled "Acute Myocardial Infarction – Volume One Study Overview and Results Summary".

Mr. Bob Crichlow spoke on choice enhancing strategies related to the middle market using his marketing network, Benefits Alliance, as an example. About 30% of workers fall into the middle market category, and middle market employers are being forced to offer fewer and fewer health care plan options to employees. Mr. Crichlow raised the question as to whom will form future purchasing groups. He further stated that there needs to be work done to ease the regulatory process for purchase group participants.

Mr. Crichlow stated that Benefits Alliance's package is derived from brokers specifically for the middle market. Specifically, Benefits Alliance serves as the administrative mediator between employers and eight managed care plans. Mr. Crichlow stated that Benefits Alliance has provided the employer a choice of the plan configuration, meaning the employer will determine what plan designs to offer its employees. The participating health plans offered are Blue Shield of California, Cigna HealthCare, PacificCare of California and United Health Care. All health plans are fully regulated Knox-Keene plans, and the employer contracts directly with the health plan under the Benefits Alliance program. The employee will notice the various plan options, provider networks, costs and quality of services provided. As the program grows, member satisfaction survey's will be conducted for means of providing quality related information back to the employer and employees. The employees will be given the option annually to determine if they wish to stay with their current plan or to change plans according to their needs.

Dr. Romero asked Mr. Crichlow for any potential “legislative fixes” to allow other groups like Benefits Alliance to exist. Mr. Crichlow did not have any concrete recommendations given the segregated regulation of managed health care plans.

Chairman Enthoven commented that programs such as Benefits Alliance are very important because normally small employers can only offer employees one health plan, and the employee not only has little to no choice of health plans, but he or she may also be unable to retain the physician of his or her choice.

At 2:15 P.M., Chairman Enthoven stated that without objection, the Task Force would recess for 20 minutes. Seeing no objection, Chairman Enthoven recessed the Task Force until 2:35 P.M.

After reconvening the, Chairman Enthoven opened the floor to public comment and encouraged Task Force members to discuss Mr. Crichlow’s presentation. Mr. Richard Spohn, an attorney representing the California Choice Program [a program similar to Benefits Alliance], stated that he has worked directly with the Department of Corporations, and found the department to be very helpful in getting his group “approved.”

Member Severoni indicated on her work with health care plan enrollees and said that one of the biggest problems she has seen is with regard to issues other than that of choice – claims and billing, for example.

Member Decker indicated that choice is important but that offering multiple plans does not always solve problems – it is important to look at plan specifics.

Member O’Sullivan stated that every health care plan should meet established standards before plan choice is studied.

Dr. Colin Cameron, UC Davis economist and a member of the public, felt that individuals are seeking choices in health care and will pay more if given best quality of care choices. Dr. Cameron discussed adverse selection and the limited options available. He suggested a point-of-service approach to health care.

V. UNFINISHED BUSINESS - Discussion and adoption of the Task Force Mission Statement - 2:50 -

Chairman Enthoven announced that the next order of business was to adopt the proposed Mission Statement for the Task Force. The adoption of the Mission Statement was originally scheduled for the April 22nd meeting, and the Task Force voted to defer it to allow the most recent appointments to the Task Force an opportunity to review and vote on this item. Chairman Enthoven stated that the Governor and Legislature brought together a Task Force of distinguished citizens to try to develop a consensus on a point of view to make managed care more satisfactory to the citizens of California and that the proposed Mission Statement was the first step in this direction. Dr. Romero reiterated Chairman Enthoven’s remarks. Mr. Kerr moved to adopt the proposed Mission Statement and the motion was seconded by Dr. Karpf. The floor was then opened for discussion on the Mission Statement.

Several members argued that the Mission Statement was “pre-loaded” with a particular expected outcome before the Task Force has had time to investigate the issues summarized

in the statement and AB 2343 [Chapter 815, Statutes of 1996] other issues. Ms. Griffiths referenced that the Task Force is required to follow the mandates in AB 2343 [Chapter 815, Statutes of 1996] and that the Task Force should follow those mandates. Dr. Alpert stated his preference that the Task Force develop a strategy and to change the Mission Statement language to be more cohesive. Dr. Rodriguez-Trias felt the underlying issues are the values of the Task Force Members and that a Mission Statement is better served for a group with more common values. She also added, the role of the Government is to ensure accountability. Dr. Karpf stated that the Task Force needed a coherent strategy for the state to modify the existing health care system. Chairman Enthoven asked if there was consensus that it was the Task Force's primary goal to determine the appropriate role for state government to regulate health care and how that regulatory structure should be organized to most effectively accomplish this.

Dr. Alpert then referenced Chairman Enthoven's May 6, 1997 letter and recommended including a few key phrases from Dr. Enthoven's letter in the Mission Statement. Specifically, Dr. Alpert suggested that the following be added to the Mission Statement "...making a series of specific recommendations to the Governor and legislature about how to improve California's regulation of the industry. I believe our primary goal should be to determine what is the appropriate role of State government in California health care and how should the regulatory structure be organized to most effectively accomplish this role...". Dr. Alpert's suggestion was not placed in the form of a motion and thus, was not considered a proposed amendment for vote by the Task Force.

Mr. Lee then asked that the Task Force to "call for the question" [stop all debate and take a vote on all outstanding motions], but before a motion was made, Mr. Knowles suggested that to simplify the Mission Statement, the proposed statement should be deleted and substituted with language requiring the Task Force to simply comply with the mandates of AB 2343. As a result, Mr. Perez moved to strike the proposed Mission Statement and to substitute it with "To fulfill the mandates of AB 2343 [Statutes of 1996]". This motion was seconded by Ms. Decker. The motion was adopted by a simple majority of the total authorized number of Task Force members.

Chairman Enthoven then asked the Task Force if it wanted to be purely fact finding or did it want to make recommendations as well. He stressed that it was pretty elaborate to bring such a group of distinguished individuals together for a fact finding mission – he assumed that the Task Force would take the Governor's charge seriously and want to make recommendations on how to improve the health care system [*Please see the April 22nd Minutes for a copy of the Governor's press release announcing his charge to the Task Force*] Members then discussed the necessity of the Mission Statement to include some of the information included in the originally proposed statement. As a result, Mr. Kerr moved to amend the recently adopted Mission Statement by adding the following after "To fulfill the mandates of AB 2343 [Statutes of 1996]" – "and to provide significant public service by developing a coherent health care strategy for the State of California that enhances consumer health, choice and information, driven by incentive for improvement and supported by a legislative framework that defines and secures patients rights, that will continuously improve in all dimensions (quality, affordability, and access) and thereby build and aspire confidence in our overall health care system". Ms. Farber seconded this motion and the vote was 12 in favor and 8 opposed. The motion to adopt failed because it did not obtain a simple majority of the total authorized membership [16]. Chairman Enthoven then asked members to vote on the original motion to adopt the

Mission Statement, as amended, and motion was adopted with only one dissenting vote.

B. Discussion and adoption of the Task Force Workplan Schedule

Chairman Enthoven announced the next order of business was to adopt the proposed Workplan Schedule. Like the Mission Statement, the proposed Workplan Schedule was originally scheduled for adoption at the April 22nd meeting and be deferred until a meeting whereby all Task Force appointments could vote on the document. Chairman Enthoven opened the floor for discussion. After little discussion by members, Ms. Decker moved to adopt the Workplan Schedule as proposed. The motion was seconded by Dr. Rodriguez-Trias and unanimously adopted.

VI. New business - Adoption of the April 22, 1997 meeting minutes - 3:30

Chairman Enthoven announced that the next order of business was to adopt the proposed Minutes from the April 22, 1997 business meeting and asked if there were any corrections. Seeing none, Ms. Severoni moved to adopt the April 22nd business meeting minutes and it was seconded by Mr. Kerr. The motion to adopt the minutes was unanimously adopted.

B. Adoption of amendments to Task Force Standing Rule Number 1 [Task Force Meeting/Hearing Schedule]

Ms. Decker moved to adopt the proposed amendments to Task Force Standing Rule Number 1 and it was seconded by Dr. Rodriguez-Trias. Mr. Lee suggested adding issues papers to public hearing schedules, and stated his preference for “theme” meetings. Ms. Bowne moved to amend the schedule to change the location of June 20th business/public hearing meeting from Redding to Fresno. The motion to amend was seconded by Mr. Perez and unanimously adopted. Mr. Lee then moved to amend the schedule by adding one “TBA” meeting to include a public hearing and have that meeting held in Los Angeles as the previously held public hearing conducted in El Segundo had a low public turnout. The motion to amend was seconded by Dr. Conom and was unanimously adopted. Mr. Perez then moved to amend the schedule by moving the Milbrae meeting on July 11 to San Francisco to better the opportunity for the public to attend. Mr. Lee seconded the motion and it was unanimously adopted. The amended Task Force Standing Rule Number 1 was adopted unanimously.

C. Discussion on a general framework for public hearings: questions to be posed to the public for response at the hearings

Chairman Enthoven stated that the next order of business was to discuss the general framework for public hearings. He indicated that since this was a non-binding document, no vote by Task Force members was necessary. Generally, members supported the document but suggested that Section I be amended to include more “layman’s” terms. Essentially, members wanted this section to inform the public that the Task Force members encourage public comment.

VII. Public Comment -4:15

Chairman Enthoven opened the floor to comments from the public. No public comments were received.

VIII. Adjournment - 4:20

Chairman Enthoven said that without objection, the meeting would be adjourned. Seeing no objection, Chairman Enthoven declared that the meeting was hereby adjourned.

Notes:

- Information regarding Managed Health Care Improvement Task Force meetings may be obtained by writing the Task Force administrative assistant, Ms. Jill McLaughlin, at 1400 Tenth Street, Room 206, Sacramento, California 95814 or calling (916) 324-1711.